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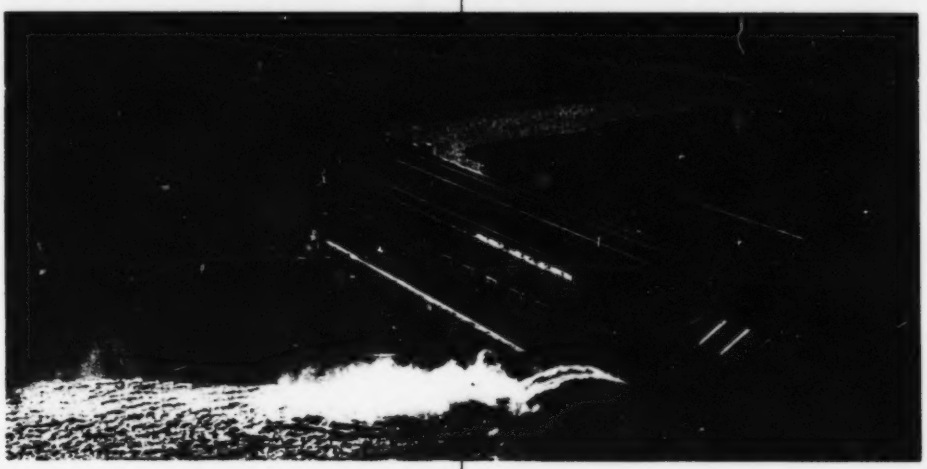


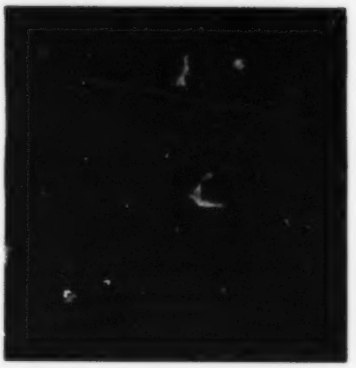
Manitoba, in the heartland of North America, encompasses a diverse range of economic activities: industry, manufacturing, finance, transportation, communications, agriculture, mining and forestry.

Manitoba – Canada's Gateway to Opportunity

INTRODUCTION

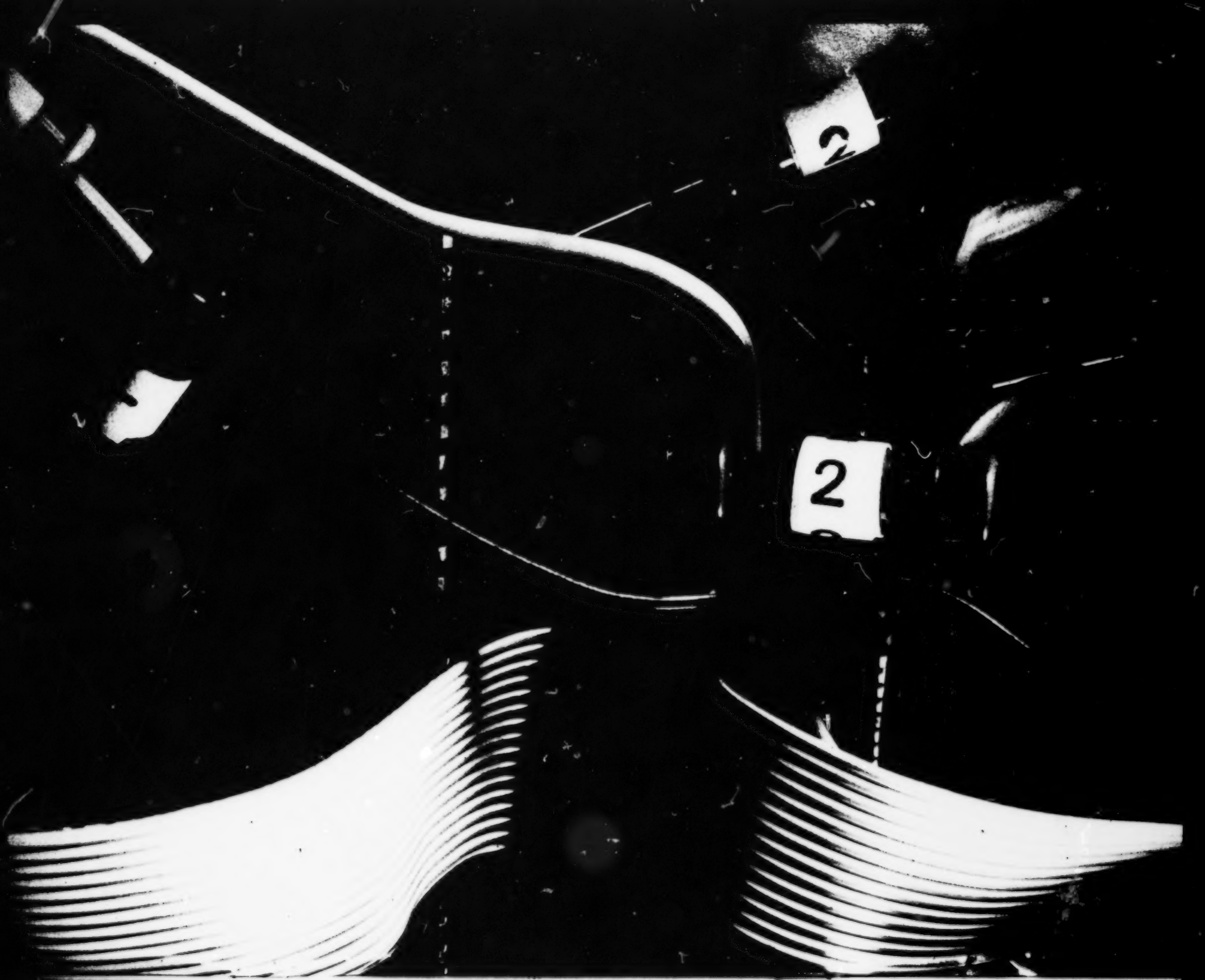
MANITOBA, CANADA, lies in the geographical heartland of North America. It is the most easterly of the three Provinces of Manitoba, Saskatchewan and Alberta, which together constitute the prairie region of Canada. Manitoba is bounded on the east by Ontario, on the north by Hudson Bay and the Northwest Territories, on the west by Saskatchewan and on the south by the states of North Dakota and Minnesota. Of Manitoba's total area of 650,000 square kilometres (251,000 square miles), 101,000 square kilometres (39,000 square miles) are lakes and rivers and 422,000 square kilometres (163,000 square miles) are lands owned by the Province. Cultivated land comprises 78,000 square kilometres (30,000 square miles) in the southern part of the province. The northern half of Manitoba is composed largely of timberlands and extensive areas of mineralized rock structure in the Canadian Shield. Canada's only prairie seaport is located at Churchill on Hudson Bay.

Manitoba's population is an estimated 1.07 million, approximately 60% of whom live in Winnipeg, the provincial capital. Winnipeg is a diversified industrial center with approximately 80% of the province's manufacturing output, 70% of its service sector output and 65% of its retail sales. Its geographical position has made Winnipeg the major distribution point for the prairie region of Canada.



MANITOBA ECONOMIC INDICATORS		1984	1985*
Gross Domestic Product	$ Millions	16,690.0	17,685.0
Manufacturing Shipments	$ Millions	5,250.1	5,579.7
Housing Starts	Units	5,308.0	6,557.0
Retail Trade	$ Millions	4,513.7	5,119.5
Total Personal Income	$ Millions	14,476.0	15,682.0
Personal Disposable Income	$ Millions	12,225.0	13,273.0
Farm Cash Receipts	$ Millions	1,943.7	2,029.5
Wages and Salaries	$ Millions	8,909.0	9,284.0
CAPITAL INVESTMENT			
Total	$ Millions	2,538.0	2,857.3
Private Sector	$ Millions	1,675.8	1,893.8
Public Sector	$ Millions	862.2	963.5
LABOUR MARKET			
Labour Force	Thousands	515.0	522.0
Employment	Thousands	472.0	480.0
Participation Rate	%	65.7	65.7
Unemployment Rate	%	8.3	8.2

*Preliminary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WINNIPEG

ABOUT 600,000 PEOPLE live in Winnipeg, Manitoba's capital city, located at the junction of the Red and Assiniboine Rivers. With its mixture of large and small industries, the city has experienced continuous, reliable and steady growth for decades. Winnipeg's diversified economy has helped it avoid the "booms" or "busts" that characterize cities with less well-balanced industrial and commercial environments.

Winnipeg is the centre of transportation, communications and finance for western Canada. Its economic diversity, access to export markets, sophisticated transportation network, developed commercial and financial infrastructure, and low building costs make it an ideal base for serving domestic and export markets.

Multi-million dollar developments have occurred recently in a wide range of Winnipeg industries, including aerospace, rail-yards, aluminum casting, defence systems, electrical wire and cable, agricultural equipment, heavy steel products, and telecommunications equipment.

Some of the fast-growing companies in Canada have found Winnipeg to be a profitable location. Their products include machinery, electrical components, transportation equipment, primary metal, clothing, furniture, and wood products.

The city features a variety of strategically located industrial parks. An urban revitalization effort involving civic, provincial and federal governments has been building opportunities for commercial, industrial and residential growth in Winnipeg's "core area" for several years.

INDUSTRIAL DEVELOPMENT—WINNIPEG

1. South West (Fort Garry)
2. North West (Inkster, Omands, St. James, Murray Park)
3. South East (St. Boniface)
4. North East (Transcona)
5. Planned Industrial

BRANDON

OVER TWO-THIRDS of Manitoba's farmland is within 120 kilometres (75 miles) of Brandon, "The Wheat City." With a population of 38,000, Manitoba's second largest city is an important service centre for the agricultural industry. Just 271 kilometres (135 miles) west of Winnipeg, Brandon is the main commercial centre for southwestern Manitoba and parts of Saskatchewan. While retail sales and service operations make up the largest component of the Brandon economy, over 70 firms manufacture a variety of products for the agricultural sector.

Brandon has several large feed mills, commercial seed processors, meat and poultry processors and farm equipment industries. A major chemical fertilizer manufacturing plant reinforces an extensive distribution network for agricultural chemicals.

THE NORTH

MANITOBA'S NORTH is home to a massive hydro resource, offering exciting potential for the province's economic growth. Energy-intensive industries will share the benefits of the continuing development of this resource.

Manitoba's northern industrial towns are well-established and are linked to Winnipeg by air, rail and road. Part of Canada's mineral-rich Precambrian Shield, Manitoba's north provides an abundance of high-grade metal ores for the mining industry.

Thompson, with a population of 14,000, is home to modern nickel and copper mining, smelting and refining operations owned by Inco Ltd. The Hudson Bay Mining and Smelting Company Ltd., with nine copper and zinc mines in the Flin Flon area, operates a copper smelter, zinc refinery and ancillary facilities to process concentrates in Flin Flon. Manitoba mines also produce gold and silver.

In addition to its importance as a mining centre, Manitoba is a forestry province. A number of lumber and pulp and paper firms draw on the province's vast forest resources. Manfor Ltd., its largest forestry company, produces lumber and kraft paper in the northern community of The Pas.

Energy-Intensive Industries

MANITOBA IS POPULATED by many industries which are large energy users. These companies have discovered the advantages of using low-cost hydro-electricity to power their operations. Manitoba's low electricity rates play an important part in boosting their profitability. Some of these large energy users can be classified as "energy-intensive" — with energy costs as a major production cost factor. For them, Manitoba's low electricity rate structure can be a determining factor in maintaining an internationally competitive operation.

Manitoba's large industrial energy uses include nickel smelting, copper and zinc smelting, fertilizer manufacturing, chemical processing, pulp and paper, lumber, food and beverage manufacturing, foundries and metal casting.

LOW COST ENERGY

MANITOBA'S INDUSTRIES enjoy the lowest electricity rate structure of any major centre in North America. While the costs of most industrial inputs climb steadily upward, Manitoba's hydro-electricity continues to provide exceptional value, boasting an impressive advantage over other Canadian and United States regions. The province's internationally competitive rate structure is central to its development strategy, providing Manitoba with substantial cost advantages as an industrial location.

The key to Manitoba's energy advantage is stable, low-cost hydro-electric power — at any consumption level, up to the heaviest industrial use. The table below shows unit costs for a relatively small industry consuming 200,000 kWh per month. At 400,000 kWh per month, the highest rate is 1.97 cents (US) per kilowatt hour, assuming the least desirable load factor. Under ideal load factors, the rate goes much lower.

RETAIL PRICES FOR THE SPECIFIED ENERGY CONSUMPTION AND DEMAND OF ELECTRICITY IN SELECTED CITIES (Cents per kWh in U.S. Funds) April, 1986

LOCATION	RESIDENTIAL	COMMERCIAL	INDUSTRIAL
	500 kWh	10,000 kWh	200,000 kWh
Chicago, Illinois	8.81	9.64	7.33
Dallas, Texas	7.83	6.79	4.78
Denver, Colorado	7.53	6.81	5.09
Kansas City, Missouri[1]	8.33	9.26	5.99
Minneapolis, Minnesota	7.31	5.33	4.27
New York, New York[1]	14.60	13.95	9.80
Vancouver, British Columbia	5.17	4.11	3.19
Edmonton, Alberta	4.12	4.84	3.63
Toronto, Ontario	4.57	5.21	3.96
Montreal, Quebec	3.73	4.24	3.36
Winnipeg, Manitoba	3.60	3.29	2.52

[1]Majority of customers served at this rate.

MANITOBA'S HYDRO ADVANTAGE

ALMOST ALL of electrical generation in Manitoba is hydraulic. Unlike thermal options such as nuclear and coal, hydro-electricity incurs no fuel costs and enjoys low maintenance and operating costs. Competitive capital costs make the option of building additional hydro generating facilities increasingly attractive.

Hydro-electric costs are stable, reflecting the extremely long life of Manitoba's hydro generating stations. Because Manitoba can add incrementally to an advanced generating and transmission system at a relatively low cost, future hydro rates in the province are expected to remain more competitive than other jurisdictions. This allows for effective long-term corporate planning, with no energy price shocks on the horizon.

A secure, uninterrupted supply of power is essential for many energy-intensive industries. Manitoba's generating system draws upon five major river systems, minimizing the impact of variations in waterflow. A well-designed system of control structures and reservoirs further enhances its reliability.

Social and environmental costs have become increasingly important and unknown variables in energy pricing. The nuclear power industry is racked with uncertainty. Plant after nuclear plant sits uncompleted in the United States, despite the huge investment involved. These projects increase electrical costs, as capital costs are shouldered by energy consumers. Nor does the future look much better for coal-fired electricity. Capital costs are increasing dramatically as tighter pollution controls are adopted. In contrast, hydro-electricity's relative freedom from environmental problems minimizes social and economic costs, keeping electricity rates low and predictable.

Manitoba's Hydro-Electric System

MANITOBA'S ELECTRICAL system is large, modern, efficient and powerful. It serves almost half a million businesses and households distributed over an area of 337,000 square kilometres (130,000 square miles).

The integrated system's total winter capability is 4,091 megawatts. Hydro-electric stations represent 89% of Manitoba Hydro's total generating capacity and provided 99% of the Manitoba integrated system energy supply of 23.4 billion kilowatt-hours in the fiscal year ending March 31, 1986. The province's electrical utility, Manitoba Hydro, transmits power through almost 17,000 circuit kilometres (10,500 miles) of transmission line.

Manitoba Hydro maintains interconnections with power utilities in Saskatchewan, Ontario and in the states of North Dakota and Minnesota. This enables the export of firm energy and the interchange of power on a short-term basis to provide for economy of operations and system emergencies. Manitoba Hydro's interconnections with Saskatchewan and Ontario have capacities of 395 megawatts and 300 megawatts, respectively, and the interconnections with the United States have a total capacity of 1,450 megawatts.

During the fiscal year ended March 31, 1986, Manitoba Hydro sold more than 19.9 billion kilowatt-hours of energy, an increase of 10% from fiscal year 1985. Extraprovincial sales accounted for 7.3 billion kilowatt-hours, or 37% of total sales in fiscal year 1986.

Manitoba has almost a century of experience in producing clean, reliable hydro-electric power. By 1960, the hydro potential in the south of the province was fully harnessed. In 1966, the decision was made to "go north" to the Nelson River. The next fourteen years saw the construction of an extensive network of hydro generation and transmission facilities to harness the tremendous hydro-electric potential of Manitoba's northern river systems.

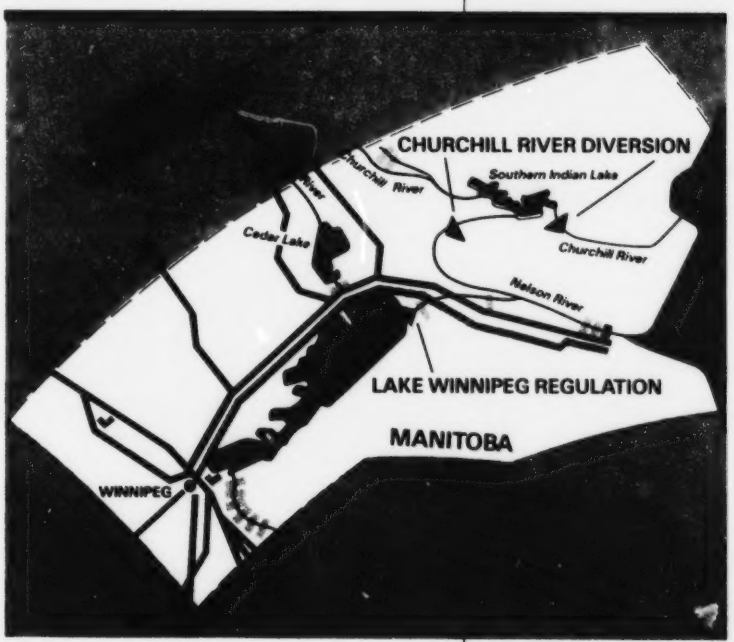
THE NELSON-CHURCHILL RIVER SYSTEM

THE HEART OF MANITOBA'S hydro potential is the Nelson-Churchill River system. This northern watershed drains an area of 1,072,255 square kilometres (414,000 square miles)—equal to the combined area of North and South Dakota, Minnesota, Wisconsin and Michigan. In the United States, only the Mississippi and Columbia Rivers have larger waterflows. The total hydro-electric potential of the Nelson-Churchill River system is 8,900 megawatts—over twice Manitoba's existing capacity. By 1980, 2600 megawatts of generating capacity had been built.

To maximize and regulate the waterflow through these northern generat-

LEGEND:

- Developed Storage
- Control Structure
- Hydro-Electric Plant
- Hydro-Electric Plant Under Construction
- Thermal Electric Plant
- Principal High Voltage Alternating Current Transmission Lines
- High Voltage Direct Current Transmission Lines



ing stations, a massive water control system was constructed. Lake Winnipeg, the world's thirteenth largest lake, was transformed into a vast, 25,900 square kilometre (10,000 square mile) natural reservoir for the system. To increase the waterflow in the Lower Nelson River, a channel was cut to divert water from the adjacent Churchill River system. The diversion complex is capable of a controlled transfer of up to 30,000 cubic feet/second of waterflow from the Churchill to the Lower Nelson River.

Power from the north is transmitted to Winnipeg over two 900 kilometre (550 mile) long high voltage direct current transmission lines. The direct current facilities were constructed under an agreement between the federal government and the Province. This agreement provides for repayment by Manitoba Hydro of the capital cost of the direct current transmission lines with interest accrued at 5.625% over a term of 45 years.

When they were built in the 1970s, these HVDC lines had the highest voltages and covered the longest distances in the world. Their construction established Manitoba as a world leader in HVDC transmission technology. In addition to substantial cost savings, the system has established an excellent record of reliability.

Manitoba Hydro has reached the advanced stages of executing its strategic hydro-electric plan. The Kettle and Long Spruce Generating Stations, brought into service in the 1970s, were the first major components of the system's generating capacity.

In the 1980s, the building blocks continue to be put into place. Manitoba Hydro is constructing the Limestone Generating Station on the Nelson River, about 24 kilometres (15 miles) downstream from Long Spruce. When completed in 1992, it will add 1280 megawatts to Manitoba's hydro capacity. Its first power will be available in 1990.

Manitoba Hydro is ready for the province's additional future electrical needs. A further 5,000 megawatts of undeveloped hydro-electric power in the Nelson-Churchill River system will be tapped as required. The Conawapa Generating Station, downstream from Limestone, will be the system's next major plant, with a potential capacity of 1400 megawatts. In addition to the Nelson-Churchill River systems, Manitoba boasts another 3,000 megawatts of hydro-electric potential throughout the north.

A bold vision of Manitoba's hydro potential, coupled with decades of prudent, systematic development, mean that Manitoba industry will continue to benefit from abundant, low-cost, reliable energy.

POWER EXPORTS

THE ADVANTAGE of Manitoba's hydro power is demonstrated by its exports to neighbouring utilities. Export power sales account for more than 20 percent of Manitoba Hydro's total revenues. Export sales will expand rapidly during the 1990s as recent firm power sale agreements become operative.

In 1984, a 500 megawatt firm power export contract was signed with Northern States Power Company of Minneapolis, Minnesota for a 12 year period beginning in 1993. In 1986 the Upper Mississippi Power Group, representing six mid-western United States Utilities, signed a Memorandum of Understanding with Manitoba for a 550 megawatt firm power export sale. This sale is for 16 years, beginning in 1996. Manitoba continues to investigate further opportunities for firm power export sales.

MANITOBA ENERGY FOUNDATION

THE MANITOBA GOVERNMENT has established the Manitoba Energy Foundation to utilize a portion of the profits from these firm power export sales. After all expenses related to the sales have been met, remaining net revenue will be divided equally between Manitoba Hydro and the Manitoba Energy Foundation. The Foundation will provide investment capital, loans, or loan guarantees for projects which promote the economic and social development of Manitoba.

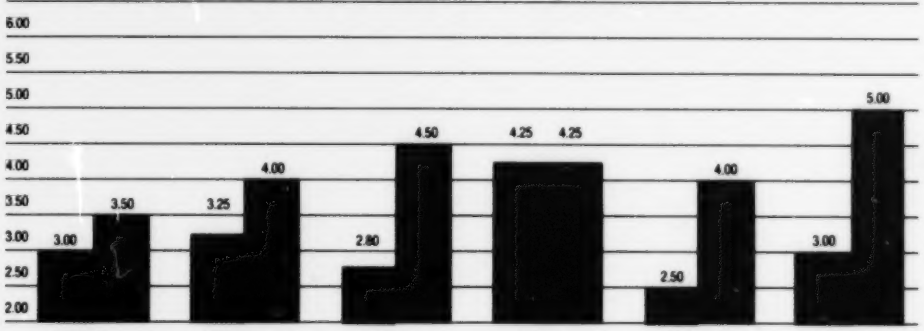
Laurie River
El 301 8
LAURIE RIVER II – 5 MW
LAURIE RIVER I – 5 MW
El 278 2
GRANVILLE FALLS – 150 MW
Churchill River
SOUTH BAY CHANNEL
Rat River
NOTIGI G S – 100 MW
NOTIGI CONTROL
Burntwood River
MISSI FALLS CONTROL
El 253 6
Churchill River
WUSKWATIM G S – 280 MW
MANASAN G S – 200 MW
FIRST RAPIDS G S – 170 MW
Kilometres from the Nelson River
DAM
OMINAWIN BYPASS CHANNEL
JENPEG G S – 128 MW
WHITEMUD – 240 MW
RED ROCK – 340 MW
8 MILE CHANNEL
2 MILE CHANNEL
BIRTHDAY G S – 540 MW
GULL G S – 510 MW
KELSEY G S – 224 MW
Potential – 240 MW Extension
KETTLE G S – 1 272 MW
LONG SPRUCE G S – 980 MW
LIMESTONE G S – 1200 MW
CONAWAPA G S – 1
GILLAM ISL
– 900 MW
Elevation in Metres above Sea Level
Kilometres from Hudson Bay
Saskatchewan R.
GRAND RAPIDS G S – 472 MW
POINTE DU BOIS G S – 72 MW
SLAVE FALLS G S – 68 MW
SEVEN SISTERS G S – 150 MW
McARTHUR G S – 58 MW
GREAT FALLS G S – 132 MW
PINE FALLS G S – 82 MW
Winnipeg River
Elevation in Metres above Sea Level
Kilometres from Lake Winnipeg
Red River
Water power has been the main source of electric generation in Manitoba since 1908. As of January 1, 1985, the province's developed hydraulic capacity amounted to 3548 megawatts.
Beyond 1985, further hydraulic development is possible at a number of Manitoba sites - Nelson, Burntwood and Churchill Rivers, promising 6320 MW of additional generating capacity.
DEVELOPED SITE
POTENTIAL SITE

Manitoba – An Attractive Place to Locate

INDUSTRIAL LAND

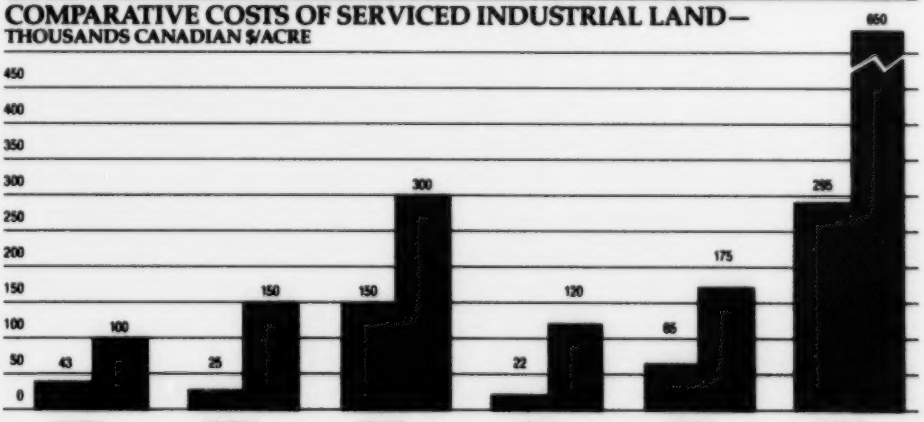
FULLY SERVICED, inexpensive, industrial land is available throughout Manitoba. Government agencies provide comprehensive information on lease rates, costs per acre, sizes and locations. In urban areas, the advantages offered by industrial land are supplemented by low building and office rental costs.

INDUSTRIAL SPACE COST—CANADIAN $ (NET)/SQUARE FOOT



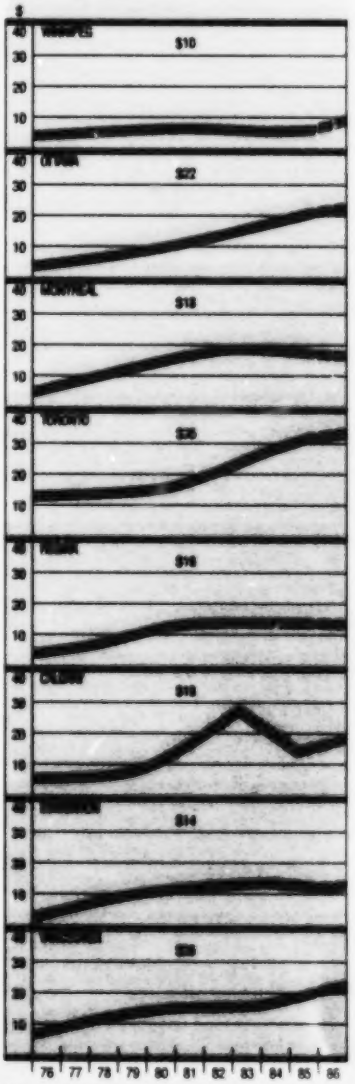
Source: Royal LePage Market Survey, 1986

COMPARATIVE COSTS OF SERVICED INDUSTRIAL LAND—THOUSANDS CANADIAN $/ACRE



Source: Royal LePage Market Survey, 1986

OFFICE RENTAL RATES—MAJOR MARKETS 1986
$ PER SQUARE FOOT



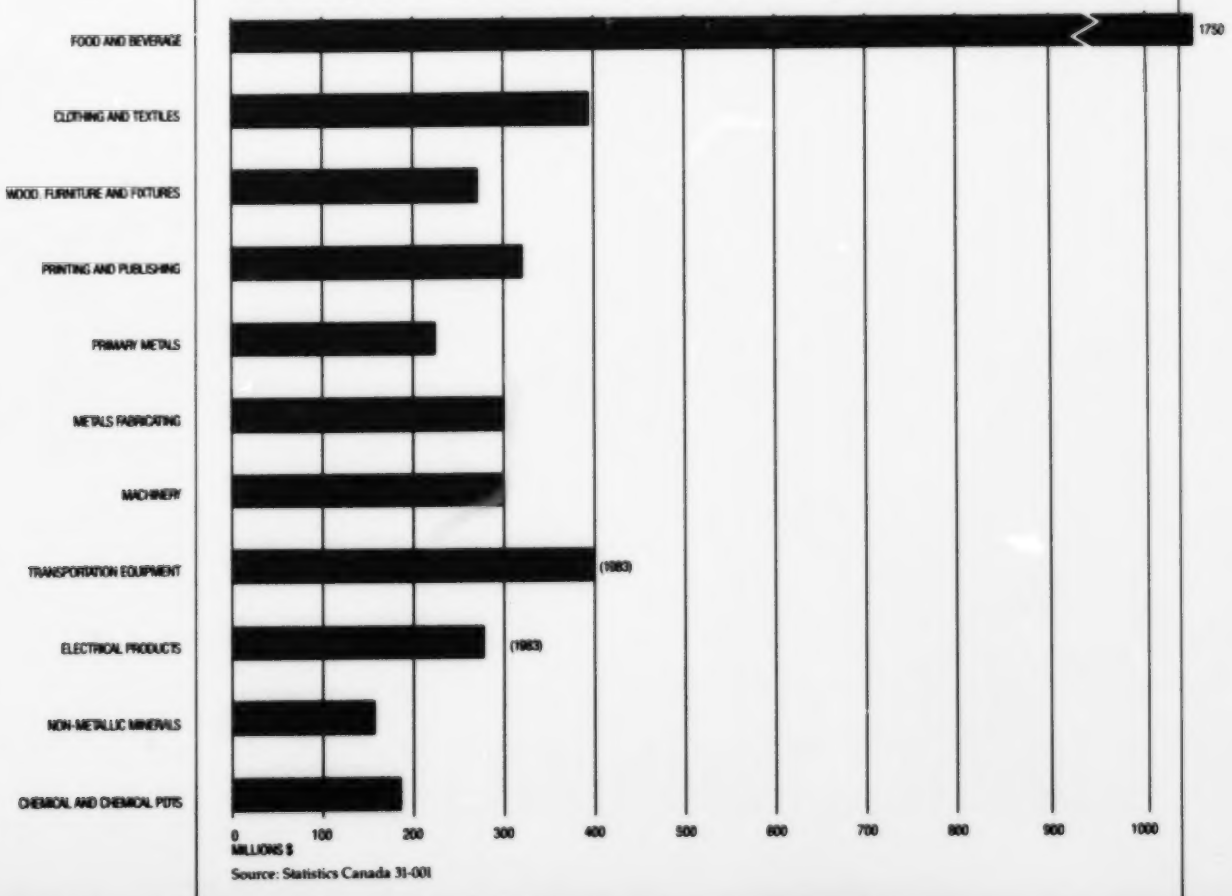
Source: Royal LePage Market Survey, 1986

TRANSPORTATION TO MARKETS

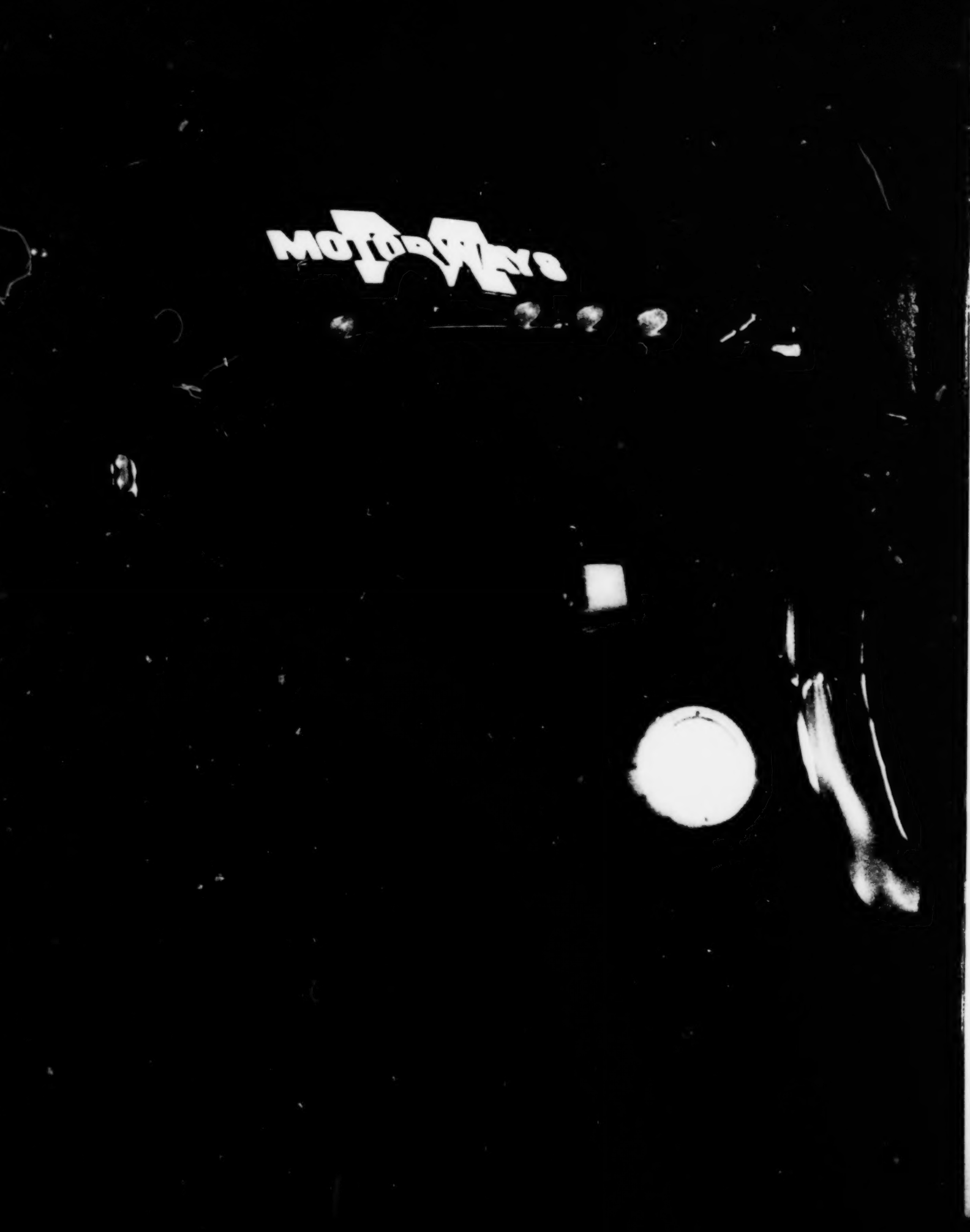
MANITOBA'S CENTRAL location guarantees cost-effective transportation services to major North American markets. Winnipeg is one of the few cities served by both national railways, Canadian National and Canadian Pacific, and connects with 25 American states via Burlington Northern Railroad. Eight of Canada's 14 national trucking firms are headquartered in Manitoba, and 34 North American trucking companies have terminals in Winnipeg. The northern Port of Churchill offers a sea link to European markets that is shorter than the Great Lakes-St. Lawrence Seaway route. Seven major airlines provide daily international air service.

Goods and services produced in Manitoba are exported to over 100 countries, the United States being the prime international market. Manitoba's major economic sectors are among the most export-oriented in Canada.

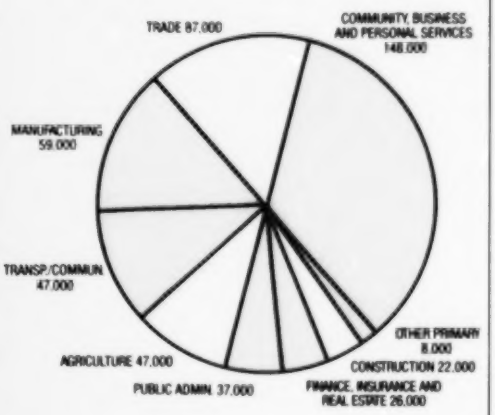
MANUFACTURING SHIPMENTS BY INDUSTRY GROUP—1985



Source: Statistics Canada 31-001


MOTOR

EMPLOYMENT—BY INDUSTRY 1985 = 480,000



Source: Statistics Canada 71-001

HUMAN RESOURCES

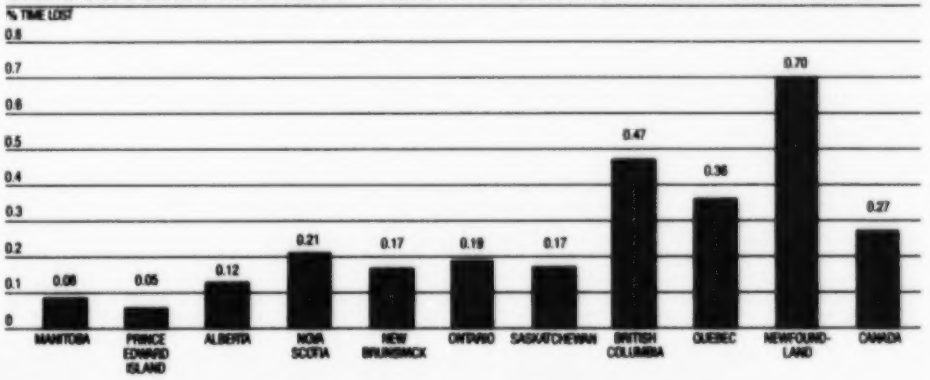
MANITOBA BOASTS a large, stable, and highly skilled workforce, numbering over half a million. Traditionally Manitoba labour relations are the best in Canada. Manitoba's progressive labour legislation is the product of consultation and co-operation among the major sectors of the provincial economy. Manitoba has the most competitive wage structure in the manufacturing sector in Canada. Work stoppages due to strikes and lockouts are consistently among the lowest in Canada. All sectors of the economy—business, labour, and government—are working together to build on Manitoba's strengths and develop new opportunities.

Innovative training and wage support schemes figure prominently in the Manitoba government's approach to developing human resources. As well, three major centres—Red River Community College in Winnipeg, Assiniboine Community College in Brandon, and Keewatin Community College in The Pas—deliver extensive, career-oriented programs to a combined enrollment of 36,000. Both industrial and technological programs offer a wide range of occupational streams.

Red River Community College is also home to Manitoba's Manufacturing Technology Training Centre. As industry modernizes, the centre responds with qualified graduates to match the skills that are required.

Two universities in Winnipeg and one in Brandon, with a total average annual enrollment of about 33,000 offer the full spectrum of professional and academic programs.

LABOUR FORCE STABILITY— PERCENT TIME LOST DUE TO WORK STOPPAGE 1980-1984



DOMESTIC MARKETS

IN ADDITION to the export potential a Manitoba location offers, industries can find opportunities to sell their products right at home. A wide range of industries, a large service sector and an affluent population guarantee that markets exist for goods and services of all kinds.

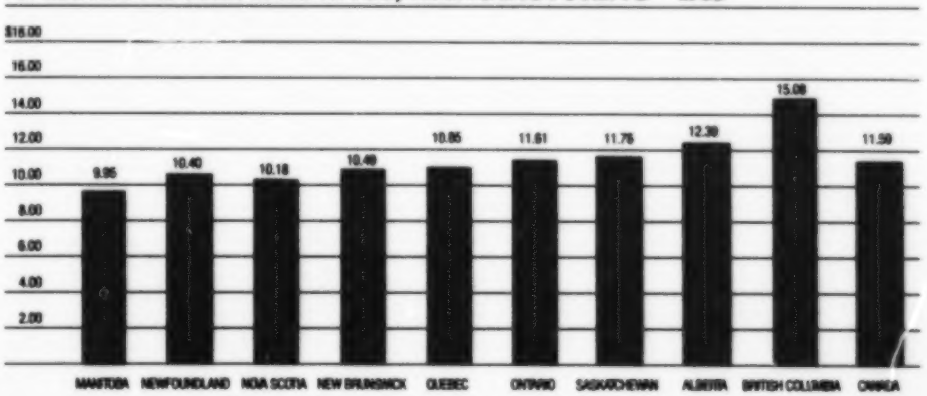
A good example is the farming industry. Agriculture is big business in Manitoba, and a complete, complex manufacturing community has grown up in the province—providing everything from basic raw materials to sophisticated farm equipment. There is also room for innovative developments in agriculture-related industries such as production of hydrogen and ammonia for fertilizer. Manitoba's markets are fertile ground for new products.

CONSUMER PRICE INDEX
(ALL ITEMS)

YEAR	WINNIPEG	CANADA
1981	100.0	100.0
1982	108.0	110.8
1983	116.1	117.2
1984	120.3	122.3
1985[1]	123.9	125.9

(1) to June 1985
Source: Statistics Canada

AVERAGE HOURLY EARNINGS, MANUFACTURING—1985



TECHNOLOGY

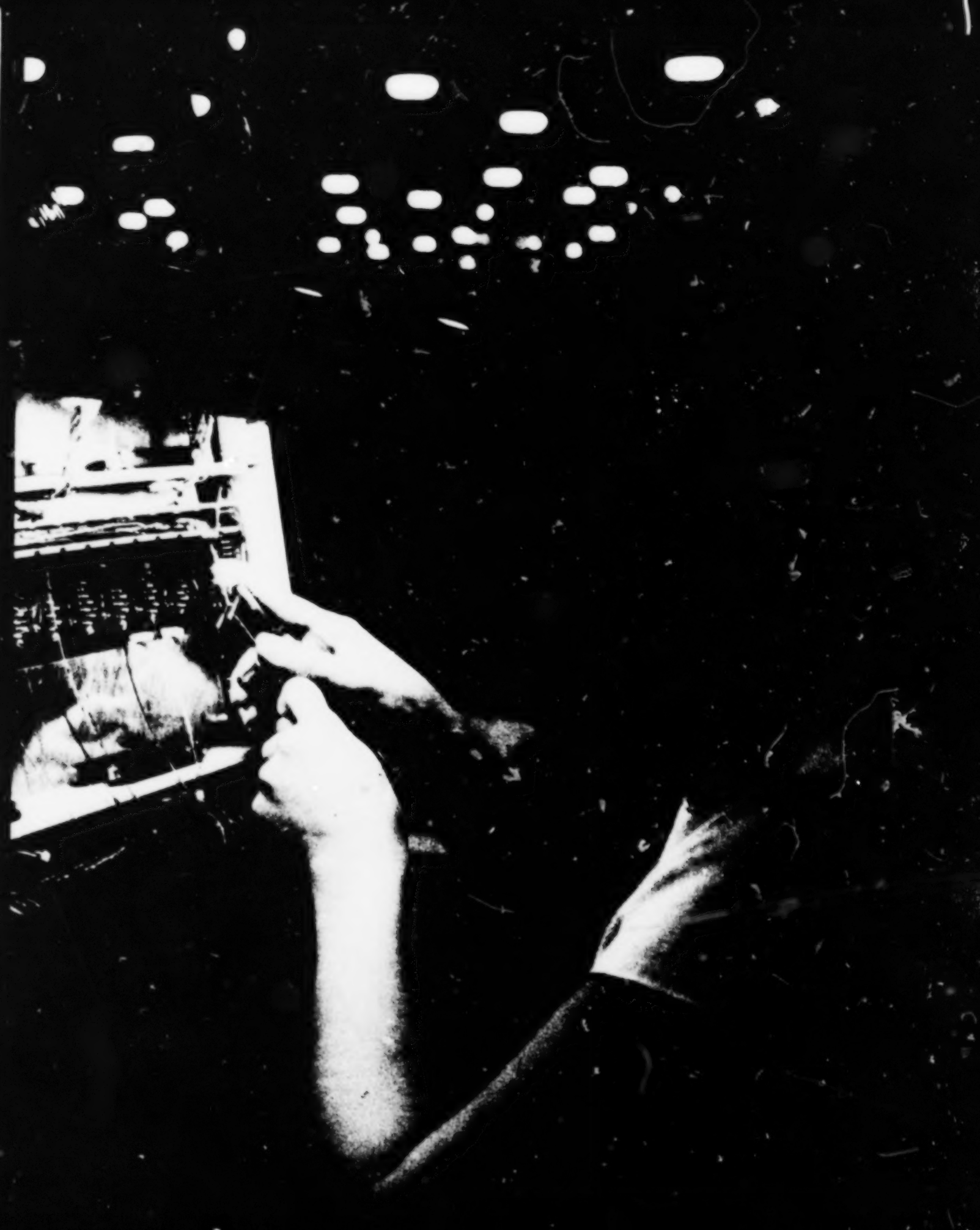
MANITOBA HAS a diversified, world-class research community with the expertise to help solve technical problems for industry, and to develop and adapt technology to keep Manitoba industry competitive. Science and technology are integral parts of Manitoba's long-term economic development planning. The provincial government has developed a multi-faceted approach to provide companies with an attractive technological environment in which to do business. A steady spending increase in this area over the last decade demonstrates the provincial government's commitment to technological research and development. Prominent Manitoba research and development facilities include:

- **High Voltage Direct Current Research Centre**
  This facility works in co-operation with Manitoba Hydro to maintain Manitoba's leadership in HVDC technology.
- **Industrial Technology Centre**
  The Centre offers technical research, equipment, and specialized services for industry, including prototype development and evaluation, computer aided design/computer aided manufacturing, failure analysis, systems design, and plant layout.
- **Canadian Food Products Development Centre**
  Technical assistance in product development, equipment evaluation and pilot plant facilities is provided by this facility to food and beverage industry clients.
- **Industrial Applications of Microelectronics Centre**
  Located at the University of Manitoba, this centre provides engineering services, industrial training, and research consultation.
- **Whiteshell Nuclear Research Establishment**
  Operated by Atomic Energy of Canada Ltd., this facility in Pinawa undertakes a wide variety of fee-for-service projects for public and private sector clients.
- **Agriculture Canada Research Stations**
  Three Manitoba stations operate to develop new crop varieties and farm management techniques for the province's agri-business sector.

NATURAL RESOURCE OPPORTUNITIES

MANITOBA HAS been called "the hydro province". But Manitoba is rich in other natural resources. Dolomite, quartzite, silica, potash, carnallite, magnesium, salt, limestone and sulfur are some of the industrial mineral resources available for development. Manitoba's hard rock mining and smelting operations produce a variety of metals, including nickel, copper, zinc, gold and silver. The potential uses for these resources are numerous, and include:

- Hydrogen/ammonia manufacturing for fertilizer
- Magnesium production
- Silicon and ferrosilicon production for metallurgical purposes
- Production of sulfur or sulfuric acid



Manitoba's Development Incentives

OBJECTIVE

IN ORDER TO ATTRACT new capital investment, the Manitoba government has introduced an initiative called the Manitoba Investment Program. A principal component of this program is the commitment to negotiated development agreements with private sector firms.

Development agreements are highly flexible mechanisms which allow the provincial government to enter into an agreement with a company whereby, in return for certain provincial incentives, the firm will invest, create long term jobs and provide agreed upon socio-economic benefits in Manitoba.

THE INCENTIVES

DEVELOPMENT AGREEMENTS can provide a variety of incentives for business wishing to locate or expand an investment in Manitoba. These could include various types of loans or loan guarantees, equity investments by way of taking preferred or common position, land development, personnel development including training costs, provincial purchasing agreements, and other forms of assistance. The agreements can also include power cost discounts for a plant's initial operating years.

Potential development agreements are not restricted to those listed here. Each agreement will be negotiated separately and will be tailored to the needs of a specific investment. This allows the province and the company to maximize their respective benefits.

PROVINCIAL CONSIDERATIONS

THE NATURE AND LEVEL of the direct provincial support for any particular project will take into consideration a variety of factors.

1. The amount of capital investment and the number of employment opportunities generated is critical. The security, salary and technology levels of the associated jobs created (direct and indirect) will also be taken into account.
2. Development agreements should be designed to trigger investments of significant size, so as to offer measurable future potential benefits to the province.
3. The nature of the employment conditions is important. The government believes that the establishment of a healthy working environment is beneficial. A progressive employment policy program would be viewed especially favourably.
4. It is the government's intention to spread economic development throughout the province. Therefore, any regional development components of a project could be a factor.
5. Sound environmental practices as well as consistency with local planning and land-use policies are important.
6. A project's contribution to Manitoba's economic diversification would also be a consideration, as would an export orientation.

It is important that projects be commercially viable and that strong evidence of commitment be shown by participating firms.

TIMING

THE APPROVAL PROCESS for development agreements is structured to ensure that the government can quickly negotiate and conclude an agreement.

Development agreements are part of the provincial government's overall economic development strategy of working with the private sector to build a dynamic future for Manitoba.

OTHER GOVERNMENT PROGRAMS AND SERVICES

A VARIETY OF BUSINESS incentive plans are available to assist companies to locate, innovate or expand in Manitoba. For more information, contact:

Manitoba Industry, Trade and Technology
701-155 Carlton Street
Winnipeg, Manitoba, Canada
R3C 3H8
Telephone: (204) 945-5753

Federal Industrial Incentive Programs

IN ADDITION to programs offered by Manitoba, the federal Department of Regional Industrial Expansion administers two specific programs which offer financial assistance for the establishment of new manufacturing or processing facilities.

1. INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM

THE INDUSTRIAL and Regional development Program (IRDP) is effective across Canada. However, in order to reduce regional disparity, enriched support is available to stimulate industrial activity in the more economically disadvantaged areas. Canada's 260 census divisions are classified on the basis of economic statistics into four tiers which determine the need for support and define the maximum level of assistance.

Tier I represents a basic national level of support. Tier II, III and IV provide progressively more assistance. Maximum levels of support for each tier have been defined, but the specific level of support for a particular project is subject to negotiation. Each eligible project is assessed in relation to other projects and its priority is determined by the expected benefits and regional impact.

The following maximum levels of assistance are available for the establishment of new production facilities:

MAXIMUM LEVELS OF ASSISTANCE— PLANT ESTABLISHMENT

TIER I	TIER II	TIER III	TIER IV
None	17.5%	25%	30%

Manitoba's 23 census divisions are categorized as either Tier I, II or III. No Tier IV categories exist in this province. The following table summarizes the census divisions and Tier category.

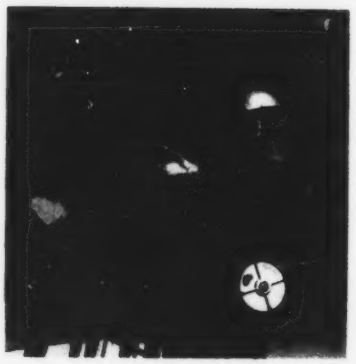
CENSUS DIVISIONS/ TIER CATEGORY

TIER I	TIER II	TIER III
Brandon	Beausejour	Dauphin
Flin Flon	Gimli	Lake Winnipeg
Gillam	Gladstone	Neepawa
Selkirk	Morden	Roblin
Stonewall	Pilot Mound	
S.E. Manitoba	Portage la Prairie	
Winnipeg	Starbuck	
	Steinbach	
	Swan River	
	S.W. Manitoba	
	Thompson	
	Virden	

The majority of census divisions in Manitoba are in a Tier II category and are eligible for support to establish new plants. While Winnipeg itself is in a Tier I category and does not qualify for support, it should be noted that a number of adjacent census divisions, including Beausejour, Steinbach and Starbuck, are in a Tier II category and qualify for support.

To apply for support under this program in Manitoba, application should be made to:

Department of Regional Industrial Expansion
Room 608-330 Portage Avenue
P.O. Box 981
Winnipeg, Manitoba, Canada
R3C 0C4



2. WESTERN TRANSPORTATION INDUSTRIAL DEVELOPMENT PROGRAM

THE FEDERAL GOVERNMENT established the Western Transportation Industrial Development (WTID) program to assist businesses in western Canada to take advantage of economic opportunities and the expansion of the western railway system. This five-year program, which expires on March 31, 1988, provides industrial development assistance to firms in Manitoba, Saskatchewan, Alberta and British Columbia in manufacturing, processing and related industries. The establishment of facilities to manufacture new products in western Canada is a priority of the program.

In particular, the program offers financial assistance to railway and resource development projects and food and agricultural processors.

As with the Industrial and Regional Development Program, the maximum level of support available is dependent on location with reference to the tier grouping.

Under the WTID program, one fundamental difference is that Tier I areas are eligible for support for the establishment of a new facility. The defined maximum levels of support available under this program for eligible new plants are:

MAXIMUM LEVEL OF ASSISTANCE		
TIER I	TIER II	TIER III
17.5%	17.5%	25.0%

Application for assistance under this program should be addressed to:

Department of Regional Industrial Expansion
Room 608-330 Portage Avenue
P.O. Box 981
Winnipeg, Manitoba, Canada
R3C 0C4

Investor Confidence

MANITOBA OFFERS a wealth of profitable opportunities to energy-intensive industries. Inexpensive, reliable hydro-electric rates top an impressive list of attractions. Developed infrastructure—markets—human and natural resources—all combine to provide the benefits for which dynamic, competitive enterprises strive.

Leading economic forecasters in both the private and public sectors have recognized the success of this winning combination. The Royal Bank of Canada's *Econoscope* has predicted that Manitoba will be tied with Ontario as the fastest growing economy in Canada through to 1994. These forecasts reflect Manitoba's successful strategy of economic growth and diversification.

Manitoba inspires investor confidence for good reasons. It's a great place to do business.

Find Out More

The Manitoba Energy Authority is interested in discussing Manitoba's hydro advantage with large industrial energy consumers. For more information, contact:

Manitoba Energy Authority
607-330 Graham Avenue
Winnipeg, Manitoba, Canada
R3C 4A5
Telephone: (204) 945-7903

Manitoba Energy Authority

THE MANITOBA ENERGY authority is responsible for formulating and implementing policies that ensure the long-term energy security of Manitobans. The Authority's mandate includes investigating potential extraprovincial markets for electrical energy and for negotiating the sale or purchase of electrical energy exported or imported by Manitoba.

The Manitoba Energy Authority also is responsible for promoting the establishment, development and operation of energy intensive industries in Manitoba. In this role the Authority co-operates with various government departments, as well as private industries, to evaluate the viability of new industrial developments. The goal is to broaden Manitoba's industrial base, while increasing the economic use of our hydro-electric resource.

The Manitoba Hydro-Electric Board

MANITOBA HYDRO was established in its present form in 1961 by the Manitoba Legislature to supply electrical power adequate for the needs of Manitoba, and to promote efficiency in the generation, distribution, and use of electrical power within Manitoba. In 1984, hydro-electric energy provided 23% of the total energy requirements of the province.

Manitoba Hydro distributes power to consumers directly and through an integrated system with municipally owned Winnipeg Hydro. As of March 31, 1986, total integrated electric generating capacity in the Province was 4,091 megawatts. Manitoba Hydro's integrated system totals 3,901 megawatts. Winnipeg Hydro contributes the balance of the capacity, totalling 190 megawatts.

Under The Manitoba Hydro Act, Manitoba Hydro is authorized to set electricity rates based on prices which return the full cost of supplying power, including reserve requirements. The Public Utilities Board may review rates and submit its recommendations to the provincial government. The government may then direct Manitoba Hydro as to the prices to be charged for power supplies.